

18 March 2022

The Hon Mrs Carrie Lam Cheng Yuet-ngor, GBM, GBS
Chief Executive
Hong Kong Special Administrative Region
Tamar
Hong Kong

Dear Chief Executive,

Fighting the Pandemic Together

We thank you for your leadership during this particularly difficult period as Hong Kong battles the worst outbreak since the onset of the pandemic. It is even more important that we work together to overcome the latest challenges.

The Chamber understands the need for extraordinary measures to bring the coronavirus under control, but at the same time would like to convey members' concerns over the consequences, both short- and long-term, these may have on Hong Kong's economic and social well-being. Please find below our recommendations on addressing some pressing issues that could have profound effects on Hong Kong's standing as a premier international business hub.

1. Issue a roadmap for reopening Hong Kong

Although Hong Kong has reached a 90% first vaccination threshold due to a variety of factors such as fears over the high daily caseload and the implementation of vaccine bubbles, certain segments of the population have yet to receive a vaccination. We understand the need to prioritize the safety of the unvaccinated especially among the elderly and children, and would urge the Government to do its utmost to increase the vaccination rate among these groups. At the same time, we call on the Government to formulate a clear, predictable and practical approach to resume normal activities and re-connect with the rest of the world. In that regard, we suggest drawing up a strategy similar to Australia's Covid response plan wherein appropriate measures, such as the relaxation of social distancing restrictions and shortening of quarantine requirements, would come into effect subject to attaining certain vaccination milestones. Afterwards, a vaccine pass may be needed to gain access to certain venues and facilities. This information would not only serve to provide visibility on the approach to and objectives that Hong Kong is striving to achieve, but would also be useful in providing authoritative guidance on the government's policy to combatting the pandemic.

2. Enable sensible overseas air connections

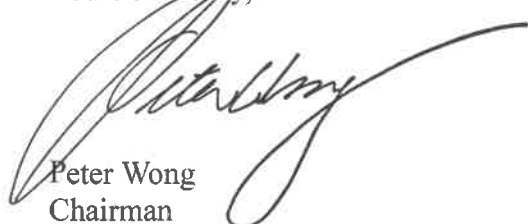
As mentioned in the preceding item, a key and recurring concern is the lack of visibility on plans for reopening Hong Kong, which has earned the dubious reputation of having one of, if not the most, stringent conditions for entry. This has taken a heavy toll on the SAR including our hard-earned reputation as an open and welcoming city that appeals to international investors. The fear of a possible citywide lockdown has also triggered a personnel flight, as well as the relocation of operations away from Hong Kong. These losses are unlikely to be reversed and could even develop into a downward spiral unless effective measures are taken immediately to address the situation. Given that the risk of local transmissions now exceeds that posed by imported cases, serious consideration should be given to lifting flight bans to enable stranded residents to return and overseas travellers to enter subject to such requirements as having been vaccinated and being tested negative before arrival. In that connection, we suggest reviewing existing measures that do not contribute meaningfully to the fight against the pandemic but are undermining our standing as an international city. These include allowing returning residents to quarantine at home, shorten the quarantine period to 7 days and providing fully-vaccinated visitors who have tested PCR negative to enter quarantine-free. We also believe that the ability to travel is a strong motivating factor for vaccination.

3. Maintain critical services during Compulsory Universal Testing

There have been ‘whispers’ of an impending citywide lockdown to tackle the drastic rise in infections and understandably this has given rise to consternation within the business community. It would be premature to hazard a guess on what such a measure would look like but should this take place, we suggest giving careful thought to exempting certain essential business activities. These include those in and relating to the operation/provision of data centres, telecommunications, financial services, food and energy. Should a total lockdown be deemed necessary, restrictions on movement should be waived for the maintenance of critical infrastructure that is fundamental to the continuity and stability in the delivery of vital services (see Annex 1). We suggest borrowing from the experience of jurisdictions that have previously implemented lockdowns but without compromising the fulfilment of essential services by publishing a detailed list of professions defined as essential workers if and when such a measure was to take place. An example is the UK, where a list of exempted workers was drawn up to provide guidance during the lockdown period. We would also suggest creating a register for the issuance of an e-certificate by designated government offices or business associations to enable exempted personnel to discharge their responsibilities during specified working hours.

As ever, the Chamber stands ready to assist and support the Government in its efforts to minimize the pandemic’s impact on Hong Kong.

Yours sincerely,



Peter Wong
Chairman

Att.

Implementing a Citywide Lockdown in Hong Kong - Concerns, Questions and Recommendations

❖ Concerns

Disruptions to the provision of public and critical services:

- *Data and cloud services:* Such computing services are essential to a broad range of sectors that include the healthcare, education, communications, energy, financial services and other important industries. They also support government's efforts to provide health and safety information to the public, maintain essential public services, and support the government's pandemic response such as through the provision of the data analytics tools.
- *Government subcontracted services:* Such as rubbish collection, street cleaning, and security.
- *Utility services:* A reliable and uninterrupted power supply is crucial for the operation of the healthcare sector during this critical period and for supporting Hong Kong as an international financial and business hub where there are many high-rise buildings and electrically powered transportation networks.

Disruptions to the financial market:

- Careful consideration should be given to reducing disruptions to the usual flow of business related to the stock market, futures and derivatives market, as well as financial transactions conducted using non-electronic means (e.g. property and financing (mortgage transactions)), which could inflict irreparable damage to market confidence and harm Hong Kong's reputation as an international financial centre.

Disruptions to supply chains and logistics:

- Potential incurrence of terminal storage costs
- Impact on import and export licensing and certifications, vessel operations, as well as crew change arrangements
- Knock-on effects to the broader movement of goods whether on import, export, or transshipment, which could have dire consequences on SMEs.

Foment illicit trade:

- Countries such as the UK, Canada, New Zealand, Indonesia, Italy, France, Spain, Chile, Switzerland, Austria, Czech Republic, Slovakia, Peru, Kenya, Venezuela, and Bangladesh have determined that tobacco products fall within the meaning of basic goods and have continued to allow sales during national lockdowns. Halting the legal supply of tobacco could result in recourse to illegal alternatives, which remains rife in Hong Kong with a 20-year high in the amount of illicit cigarettes seized in 2021.

Impact on manpower & business operations:

- WFH arrangements could significantly reduce the efficiency of business operations that require specialised equipment, materials and software.
- Companies may find themselves embroiled in labour law disputes given the lack of clear regulations on such employment issues as managing staff attendance during a lockdown.
- Huge financial losses may be incurred as a result of the closing down of retail brick-and-mortar stores, especially if the stores are located in larger shopping malls where the rental costs are high.

❖ Issues requiring clarification from the government**Scope of implementation:**

- What is the definition of essential services and supplies under the lockdown? What services can operate and what cannot? Will a permit be issued for those operating essential services?

Compulsory Universal Testing (CUT) Scheme:

- How will the CUT be implemented?
- What happens after the CUT? How and when can Hong Kong expect to resume ordinary business activities?

Subsidies:

- Will there be rental subsidies for retail shops?

Employment Issues:

- Will employers be required to pay employees during a lockdown?
- Are there regulations on how to manage staff attendance?

❖ **Recommendations/Requests for Exemption:**

Grant travel exemptions to the following personnel

- those providing essential services to enable continuous operations of data centres and technical infrastructures;
- those working in supermarkets, convenience stores and pharmacies, restaurants, hotels, airport, and cargo terminals, owned and subcontracted logistics services, air-conditioning service and repair, security and technical personnel in commercial and residential buildings, tow truck drivers and mechanics; and
- those engaged power generation, electricity transmission and distribution, customer services, emergency crews and infrastructure project teams.

Provide interim arrangements for the following shipping-related activities:

- Allow carriers to accept e-license from an importer/exporter for EMAN2 submission. The original license would be submitted thereafter to TID and/or related government departments on receipt from the shipper;
- Introduce exemptions for the submission of certificates/documents and payments to the Marine Department, Department of Health and Immigration Department;
- Exempt crew change arrangements from lockdown restrictions for such activities as conducting PCR tests; and
- Maintain a 24-hour hotline for the handling of urgent dispensation applications.

Other recommendations

- Engage Cloud Service Providers individually to assess and define essential services;
- Issue certificates for staff involved in essential operations; and
- Issue permits to a select percentage of employees within each company to work in the office if needed during a lockdown.

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HKGCC Secretariat

